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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
Division of Information

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THE NORTH AMERICAN WHEAT SITUATION

Canada and the United States are two of the world's greatest wheat producers. Both countries have developed wheat plants capable of producing far in excess of home needs, and as a result both are dependent upon a free and orderly world wheat trade. In recent years nationalism, controlled commerce, and artificial trade barriers have destroyed a large part of the world export market. This means that the North American wheat farmer who produces for export today faces a severe problem of plentiful wheat and no market.

The following makes a comparison of the situation in Canada and in the United States, and also compares the programs now in operation to solve the problems.

The 1940-41 Situation

Canada

ACREAGE.- 28.7 million acres sown for 1940 harvest as compared with 26.8 million acres in 1939, and 25.5 million acres, the previous 10-year average.

PRODUCTION.- 561 million bushels, second only to 567 million bushel crop in 1928, compared with 490 million bushels in 1939 and 509 million bushels, the 10-year average.

CARRYOVER.- 301 million bushels, as compared with 193 million bushels on August 1, 1939, and 135 million bushels, the 10-year average.

SUPPLIES.- 862 million bushels, as compared with 593 million bushels for 1939-40 and 445 million bushels, the 10-year average.

DOMESTIC CONSUMPTION.- 125 million bushels is estimate for 1940-41 as compared with 84 million bushels for 1939-40 and 114 million bushels, the 10-year average.

United States

ACREAGE.- 64 million acres sown for 1940 harvest as compared with 64 million acres in 1939, and 70 million acres, the previous 10-year average.

PRODUCTION.- 792 million bushels as compared with 755 million bushels in 1939 and 755 million bushels, the 10-year average.

CARRYOVER.- 284 million bushels as compared with 252 million bushels on July 1, 1939, and 238 million bushels, the 10-year average.

SUPPLIES.- 1,076 million bushels as compared with 1,007 million bushels for 1939-40 and 1,002 million bushels, the 10-year average.

DOMESTIC CONSUMPTION.- 685 million bushels is estimate for 1940-41 as compared with 675 million bushels for 1939-40 and 690 million bushels, the 10-year average.







The 1940-41 Situation (Continued)

## Canada

EXPORTS.- Estimates are not yet available for 1940-41. In 1939-40 exports were 203 million bushels which was nearly one-third of world exports, as compared with 167 million bushels in 1938-39, a 201 million bushel average in 1930's and a 272 million bushel average in 1920's.

SURPLUS.- From 1940-41 supply of 862 million bushels, deduct estimated 125 million bushels for domestic consumption. This leaves 737 million bushels available for export and carryover August 1, 1941.

## United States

EXPORTS.- Prospects uncertain but exports to foreign countries and shipments to U. S. possessions may be 20 to 25 million bushels, as compared with 48 million bushels in 1939-40, a 60 million bushel average in 1930's and a 170 million bushel average in 1920's.

SURPLUS.- From 1940-41 supply of 1,076 million bushels, deduct estimated 25 million bushels for export, estimated 685 million bushels for domestic consumption. This leaves 366 million bushels for carryover July 1, 1941 which is 34% of the supply.

Current Wheat Programs

## Canada

ACREAGE ADJUSTMENT.- None now. Reports indicate that some such plan may be under consideration.

LIMITED MARKETING.- Because of inadequate storage space, amount of wheat each farmer could sell was allocated on basis of seeded acreage. First this was 5 bushels. Later this was raised to 8, 10, 12 or even 15 bushels per acre at various points with an average of 10 bushels delivered, somewhat over half of the average yield.

STORAGE.- No loans, but farmers are allowed 1/45 of a cent a bushel a day (about 2/3 cent a month) for holding wheat on their farms. This is effective for 9-month period.

## United States

ACREAGE ADJUSTMENT.- Allotments based on Nation's wheat needs, export outlets, and reserves, gives each farmer opportunity to cooperate in adjusting acreage and to avoid wasteful over-production.

MARKETING QUOTA.- When supplies reach excessive levels in spite of allotments, farmers may approve use of marketing quotas to hold surplus off the market.

STORAGE.- Program cooperators may store wheat under Government loan averaging 56 percent of parity, until April 30, 1941. On farm-stored collateral, Government pays borrowers 1 cent a month or 7 cents storage allowance for the full loan period if wheat is delivered to Government.



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Current Wheat Programs (Continued)

Canada

PRICE.- Government through Wheat Board offers to buy wheat from the producer at fixed price, 70 cents a bushel on the basis of No. 1 Northern Spring FOB Fort William. On the basis of the usual differential, the farm price in prairie provinces would probably be about 50 cents on bulk of wheat. If Wheat Board can sell wheat at a profit the profit is prorated to farmer.

CROP INSURANCE.- None.

SURPLUS REMOVAL.- Wheat Board may sell its wheat at home or abroad by making up the difference in fixed price to farmers and selling price.

FINANCING.- Partly through federal appropriation and partly through a processing tax of 15 cents a bushel on all wheat converted into products used for human consumption domestically. About fourth of crop affected.

United States

PRICE.- With conservation and parity payments totaling 18.1 cents a bushel on normal yield of acreage allotment and average loan rate of 63 cents, cooperator is assured 81 cents a bushel, on the average, regardless of market price. He has title to wheat and may take advantage of any price rise.

CROP INSURANCE.- By paying premiums based on loss experience of locality and individual farm, farmer may guarantee himself 50 or 75 percent of normal yield, depending on type of policy.

SURPLUS REMOVAL.- Some exports are being assisted by the Government and the machinery is available for keeping a fair share of world market for the U. S. Increase in domestic consumption is encouraged by distribution of surplus products to needy, as through Stamp Plan.

FINANCING.- Appropriation from federal treasury.

Comparison of Programs in Action

For this illustration of how the Canadian and the United States wheat programs operate the same size farm with the same yield is used. It is assumed the operator of each farm has been seeding an average of 300 acres of wheat in the past. The average yield is assumed at 15 bushels per acre.

Canada

SEEDING.- He would plant his entire 300 acres.

United States

SEEDING.- He would plant within his AAA acreage allotment. This would be roughly 20 percent less than his average acreage, or about 240 acres.



Editor, The Journal of the American Medical Association:  
I have the honor to acknowledge the receipt of your issue of April 22, 1930, and to thank you for the interest and attention which you have given to the publication of the report of the American Medical Association on the subject of the proposed amendment to the constitution of the United States, relating to the right of the States to regulate the practice of medicine.

The report of the American Medical Association on the subject of the proposed amendment to the constitution of the United States, relating to the right of the States to regulate the practice of medicine, is a most interesting and valuable contribution to the literature of the subject. It is a most comprehensive and thorough study of the subject, and it is a most valuable contribution to the literature of the subject. It is a most comprehensive and thorough study of the subject, and it is a most valuable contribution to the literature of the subject.

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# Comparison of Programs in Action (Continued)

## Canada

PRODUCTION.- On the basis of an average yield of 15 bushels per acre, he would produce 4,500 bushels.

MARKETING.- On the average he is permitted to market only 10 bushels per seeded acre, or 3,000 bushels. At about 50¢ a bushel, which is what bulk of wheat averages in Canada's major wheat country, 3,000 bushels brings \$1,500. If he can sell all his wheat later his total income from the sale would be \$2,250.

LOAN.- Except for loans which he may be able to get from private lending agencies, he has no other way of financing himself except by selling his wheat as he can.

STORAGE ALLOWANCE.- After selling 3,000 bushels, he would have 1,500 bushels left. For storing this on his farm he will get 2/3¢ a bushel a month storage allowance, effective for 9 months. This equals \$90.

GOVERNMENT PAYMENTS.- There are none.

## INCOME.-

Sale to Wheat Board...	\$2,250
Storage allowance.....	<u>90</u>
Total income.....	\$2,340
Average price a bushel	52¢

## United States

PRODUCTION.- On the basis of an average yield of 15 bushels per acre, he would produce 3,600 bushels.

MARKETING.- He may market entire crop, or he may store it under loan. Average United States farm price for October 1940 was 68¢. If he sells his wheat at this price he gets \$2,448. This is in addition to his AAA wheat payments.

LOAN.- If he prefers to store his wheat under loan rather than to sell it at harvest time, he can put it under Government loan which for the Nation averages about 83¢. On 3,600 bushels this would bring the farmer a total of \$2,988.

STORAGE ALLOWANCE.- By storing the loan collateral on his farm, the borrower will get storage allowance of 7 cents a bushel for the 7-month loan period, if he delivers his wheat to the Government at the end of the loan period. If he redeems his loan he does not receive a storage allowance.

GOVERNMENT PAYMENTS.- For planting within his acreage allotment the farmer receives a conservation payment of 8.1¢ and a parity payment of 10¢ a bushel of the normal yield on the acreage allotment. Altogether his payment would be \$652.

## INCOME.-

Government loan.....	\$2,988
Storage allowance.....	<u>252</u>
Government payments....	<u>652</u>
Total income.....	\$3,172
Average price a bushel.	88¢



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